

Message Text

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ACTION AF-10

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SUBJ: TWO HUNDRED MILLION DOLLAR LOAN TO GABON

1. SUMMARY: GOG HAS REQUESTED EMBASSY ASSISTANCE IN TRANSMITTING TO AMERICAN BANKING COMMUNITY GOG INTEREST IN FLOATING \$200,000,000 LOAN. END SUMMARY.

2. ASSISTANT GENERAL DIRECTOR IN CHARGE OF STUDIES IN THE FOREIGN COMMERCE DIVISION OF THE MINISTRY OF COMMERCE AND INDUSTRIAL DEVELOPMENT, CHARLES N'ZOLO-MEYET, CALLED ON DCM APRIL 3 TO DISCUSS \$200,000,000 LOAN GOG HOPED TO FLOAT WITH AMERICAN BANKS. N'ZOLO-MEYET SAID HE WAS REQUESTING EMBASSY ASSISTANCE IN TRANSMITTING GOG INTEREST TO ENTIRE RANGE US BANKING COMMUNITY. LOAN IS TO BE EARMARKED FOR THREE AREAS OF DEVELOPMENT PLAN: APPROXIMATELY \$100,000,000 WOULD BE APPLIED TO GABONESE CELLULOSE COMPANY (SOGACEL); \$80,000,000 TO SOGDEIN, THE GABONESE NATIONAL INDUSTRIAL DEVELOPMENT COMPANY PRIMARILY FOR ASSISTING SMALL ENTERPRISE LOGGING COMPANIES; AND \$20,000,000 FOR SONADECI, THE GABONESE BODY FOR PROMOTING INDUSTRIAL AGRICULTURE PRIMARILY IN COFFEE AND COCOA.

3. ACCORDING TO N'ZOLO-MEYET, LOAN WOULD BE SIGNED BY
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MINISTER OF FINANCE AND GUARANTEED BY GOVERNMENT OF GABON, SHOULD BE FOR A MINIMUM OF EIGHT YEARS AT AN INTEREST RATE "TO BE DETERMINED." HE THOUGHT SOME OF THE AMOUNT FOR SONADECI COULD BE IN THE FORM OF EXPORT CREDITS WHICH WOULD BE USED PRIMARILY TO PURCHASE BULLDOZERS, SKIDDERS, OTHER LOGGING EQUIPMENT AND SAW MILLING EQUIPMENT. THIS PORTION OF THE LOAN HE SPECULATED WOULD CREATE LITTLE

DIFFICULTY BECAUSE IT WOULD BE APPLIED DIRECTLY AND IMMEDIATELY TO REVENUE PRODUCING ACTIVITIES. SOGACEL AND SONADECI ARE, OF COURSE, LONGER RUN DEVELOPMENT PROJECTS.

4. WHEN ASKED IF PROJECTED LOAN PROJECTS WERE ALREADY INCLUDED IN GABON'S 1978 BUDGET PER PRESIDENT BONGO'S AUSTERITY DIRECTIVE THAT NO PROJECTS NOT PROVIDED FOR IN THE BUDGET SHOULD BE UNDERTAKEN, N'ZOLO-MEYET STATED THAT THEY WERE ALL FOR THE 1979 BUDGET. HE QUICKLY ADDED, HOWEVER, THAT IF THE LOAN COULD BE NEGOTIATED THAT SOON, GOG WOULD SIGN TOMORROW.

5. AS MORE THAN PERHAPS PURE COINCIDENCE, FRENCH BUSINESSMAN RESIDENT IN LIBREVILLE CALLED ON ECONOFF SAME DAY AND TIME ON IDENTICAL SUBJECT: ROBERT ROUELLE, DIRECTOR OF MARECO-GABON, EXPLAINED THAT \$200,000,000 LOAN WAS DESIRED FOR THREE PROJECTS CITED PARA TWO BUT THAT ELF GABON AND SHELL GABON WOULD PROVIDE GUARANTEED THROUGH PID (PROGRAMME DES INVESTISSEMENTS DIVERSIFIES) PROGRAM. ROUELLE WAS MOST VAGUE ABOUT REPAYMENT TERMS SOUGHT BUT FELT THAT INITIAL REPAYMENT OF \$50,000,000 WITH BALANCE SPREAD OVER THREE YEARS WOULD BE MOST LIKELY.

6. BEGIN COMMENT: SONADECI WAS INITIALLY APPROVED IN MARCH 3 COUNCIL OF MINISTERS MEETING AND FURTHER DISCUSSED IN MARCH 30 SESSION. ACCORDING TO COMMUNIQUE LIMITED OFFICIAL USE

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MINISTRIES OF FINANCE, PLAN, AND COMMERCE HAVE BEEN CHARGED WITH SECURING NECESSARY FINANCING AND TAKING APPROPRIATE MEASURES TO INSURE SUCCESS OF SONADECI, AS PART OF 3RD PLAN'S EMPHASIS ON AGRICULTURAL DEVELOPMENT IN GABON. MARCH 30 COMMUNIQUE FURTHER INDICATED THAT CHASE MANHATTAN DELEGATION HAD BEEN IN TOUCH WITH BOTH SONADECI AND AGROGABON ON OR ABOUT MARCH 22 AND HAD HAD USEFUL DISCUSSIONS TOWARD CONCLUDING AN AGREEMENT.

7 ALTHOUGH N'ZOLO-MEYET AND ROUELLE VERSIONS OF \$200,000,000 LOAN DIFFER SLIGHTLY AND ALTHOUGH ROUELLE WAS FAR LESS SPECIFIC, TIMING OF CALLS MAY INDICATE DEFINITE CAMPAIGN TO SHOP AROUND IN EFFORT TO SECURE MOST FAVORABLE RESPONSE. ROUELLE'S PERSONAL INTEREST IN LOAN IS NOT CLEAR, BUT HIS COMPANY WOULD CERTAINLY BENEFIT FROM INCREASED EQUIPMENT SALES SHOULD LOAN, IF GRANTED, BE USED FOR PURPOSES MENTIONED PARA THREE. YATES

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